GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:762
ANSWERED ON:26.07.2001
ACQUISITION OF SECOND HAND SHIPS
MAHBOOB ZAHEDI;SUBODH MOHITE;SUNIL KHAN

Will the Minister of SHIPPING be pleased to state:

(a) whether the Government have decided to change the policy for acquisition of second hand ships in the country;

(b) if so, the details thereof;

(c) whether the Government have permitted to import all types of ships and vessels without licence;

(d) if so, the details thereof and the reasons therefor;

(e) whether there are some guidelines which are required to be fulfilled for applying for registration of vessel;

(f) if so, the details thereof;

(g) whether the Government have reviewed the required shipping tonnage in the country and the present availability;

(h) if so, whether there is any shortage; and

(i) if so, the steps proposed to fill up the gap?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI HUKUMDEO NARAYAN YADAV)

(a) to (d) :- Yes, Sir. The Government has amended the `EXIMPOLICY` for the year 2001-2002 on 31st March,2001according to which import of all types of Ships/vessels has been placed under Open General License(OGL) and import thereof does not require any license.

(e) & (f):- Yes, Sir. The Government has issued the necessary guidelines prescribing the procedure for import of ships/vessels and registration etc.

(g) to (i): The Government has fixed a shipping tonnage target of 9 million Gross Registered Tonnage(GRT) for the 9th Five Year Plan period. The tonnage position as on 1.7.2001 is 6.83 million GRT which is below the above target. With a view to increase the Indian shipping tonnage, Government inter-alia have taken the following steps :-

(i) Shipping companies have been allowed to retain sale proceeds of their ships abroad and utilise them for fresh acquisition;

(ii) The Shipping companies are now permitted to get their ships repaired in any shipyard without seeking prior approval from the Government;

(iii) Freedom to Time Charter out ships by Indian Shipping Companies;

(iv) No permission is required for raising foreign exchange loans from abroad by mortgaging the vessel with the lender;

(v) Section 33 AC of Income Tax Act has been restored in its original form, thereby facilitating ploughing back of profits by Shipping Companies for new acquisition.

(vi) The provisions of `EXIM POLICY` relating to import of vessels has been amended w.e.f.1.4.2001 bringing all category of vessels/ships under OGL and thereby dispensing with license requirement for import of various kinds ships. Ships could now be imported freely without license.

(vii) The Depreciation rate on ships has been enhanced from 20% to 25% w.e.f. 1.4.2001, thereby facilitating tonnage replacement faster.

(viii) Customs duty of 5% levied on import of vessels has since been withdrawn which was earlier proposed in the Finance bill for 2001-2002.

(ix) 100% Foreign Direct Investment in Shipping Sector is permitted.